

**Navigation Income and Expenditure:
1 April to 31 October 2017 Actual and 2017/18 Forecast Outturn
Report by Chief Financial Officer**

Summary: This report provides the Committee with details of the actual navigation income and expenditure for the seven month period to 31 October 2017, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2018).

1 Introduction

- 1.1 This report provides a summary of the Income and Expenditure for the Navigation Budget up until 31 October, any amendments to the Latest Available Budget (LAB), Forecast Outturn (predicted year end position) and the movements on the earmarked reserves.

2 Overview of Actual Income and Expenditure

Table 1 – Actual Navigation I&E by Directorate to 31 October 2017

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(3,121,770)	(3,189,063)	+ 67,293
Operations	1,347,754	1,440,309	- 92,555
Planning and Resources	372,626	339,286	+ 33,340
Chief Executive	297,629	292,365	+ 5,264
Projects, Corporate Items and Contributions from Earmarked Reserves	(90,527)	(61,056)	- 29,471
Net (Surplus) / Deficit	(1,194,289)	(1,178,160)	- 16,129

- 2.1 Core navigation income is above the profiled budget at the end of month seven. The overall position as at 31 October 2017 is an adverse variance of £16,129 or 1.35% difference from the profiled LAB. This is principally due to:
- An overall favourable variance of £67,405 within toll income:
 - Hire Craft Tolls £42,461 above the profiled budget.
 - Private Craft Tolls £27,679 above the profiled budget.
 - An overspend within Operations budgets relating to:
 - Equipment, Vehicles and Vessels is over profile by £15,826 due repair expenditure being ahead of profile.

- Water Management is under profile by £33,324 due to an outstanding invoice for the Hydrographic survey and contractor availability on the dredging plough contract.
- Practical Maintenance is over profile by £165,748 due to timing differences on the profile originally set. This is due to Acle Bridge being purchased.
- Premises is under profile by £28,101 due to timing differences around the Dockyard Wet Shed repairs.
- An underspend within Planning and Resources budgets relating to:
 - Visitor Centres and Yacht Stations is under profile by £15,071 due to higher than predicted income and salary savings.
- A favourable variance within Chief Executive budgets relating to:
 - Asset Management is under profile by £11,817 due to timing differences.
- An adverse variance within Reserves relating to the timing differences around the Dockyard Wet Shed repairs.

2.2 The charts at Appendix 1 provide a visual overview of actual income and expenditure compared with both the original budget and the LAB.

3 Latest Available Budget

3.1 The Authority's income and expenditure is monitored against the latest available budget (LAB) for 2017/18. The LAB is based on the original budget for the year, with adjustments for known and approved budget changes such as carry-forwards and budget virements. Full details of movements from the original budget are set out in Appendix 2.

Table 2 – Adjustments to Navigation LAB

	Ref	£
Original navigation budget 2017/18 (surplus)	Item 12 27/01/17	(766)
Approved carry-forwards from 2016/17	Item 11 19/05/17	8,995
Virement from ASS to OMA to reflect actual admin support	CEO approved	(474)
Virement from STR to VEH to use apprenticeship grant to purchase apprentice vehicle	Director approved	1,160
LAB at 31 October 2017		8,915

3.2 The LAB therefore provides for a navigation deficit of £8,915 in 2017/18 as at 31 October 2017.

4 Overview of Forecast Outturn 2017/18

4.1 Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all budget lines for which they are responsible. It must be emphasised that these forecast outturn figures should

be seen as estimates and it is anticipated that they will continue to be refined and clarified through the financial year.

4.2 As at the end of October 2017, the forecast outturn indicates:

- The total forecast income is £3,244,461 or £64,961 more than the LAB.
- Total expenditure is forecast to be £3,217,269.
- The resulting surplus for the year is forecast to be £27,192.

4.3 The forecast outturn expenditure reflects the following changes from the LAB as shown in Table 3. The forecast surplus represents a favourable variance of £36,107 against the LAB.

Table 3 – Adjustments to Forecast Outturn

	£
Forecast outturn deficit per LAB	8,915
Adjustments reported 19/10/17	(24,887)
Increase to Private Craft Toll income	(5,000)
Increase to Interest Income	(2,500)
Decrease to Planning Management and Admin following vacancy	(3,720)
Forecast outturn surplus as at 31 October 2017	(27,192)

4.4 The main reason for the difference between the forecast outturn and the LAB is the increase in hire and private craft toll income and a number of other savings within a variety of budgets.

5 Reserves

Table 4 – Navigation Earmarked Reserves

	Balance at 1 April 2017	In-year movements	Current reserve balance
	£	£	£
Property	(305,051)	(31,000)	(336,051)
Plant, Vessels and Equipment	(199,010)	(22,713)	(221,723)
Premises	(85,753)	(13,909)	(99,663)
Total	(589,815)	(67,622)	(657,437)

5.1 Items funded from the Property reserve at the end of October include the repairs to Irstead Billet. Items funded from the Plant, Vessel and Equipment reserve include the linkflotes and a replacement vehicle for the Construction and Maintenance team. The Premises reserve has funded the initial electric works at the Dockyard Wet Shed.

- 5.2 The Authority will shortly be required to set up an additional reserve to cash flow the CANAPE project. This will smooth out the timing differences between expenditure and reimbursement from the EU. This was previously outlined by the Director of Operations in December 2016. In order to do this it will require a temporary loan over the life of the project from the other earmarked reserves and will be repaid once the final claim has been received. As has been previously agreed the CANAPE project will be funded 50% National Park and 50% Navigation. It is estimated that £91,000 will be required with the Navigation share being funded from Plant, Vessels and Equipment and Premises. The impact on the earmarked reserves is outlined in the budget report under agenda item number 7.
- 5.3 In order to progress the works at Hickling the Authority is looking to purchase a concrete pump for £90,000. This will allow dredged materials to be set further back. Typically this type of equipment would have been hired at a cost of £750 per week for a period of three to four months a year. Under the CANAPE project it allows depreciation to be claimed against capital equipment. If such a purchase was made now the depreciation could be maximised over the life of the project. A concrete pump would be expected to have a useful life of 7 - 10 years and would therefore save money in the long run. In order to fund the purchase a 10% deposit of £9,000 would be financed from the Plant, Vessels and Equipment reserve with the remaining deposit funded from the hire savings. The remaining balance would be funded by hire purchase over 5 years using the existing hire budget.

6 Summary

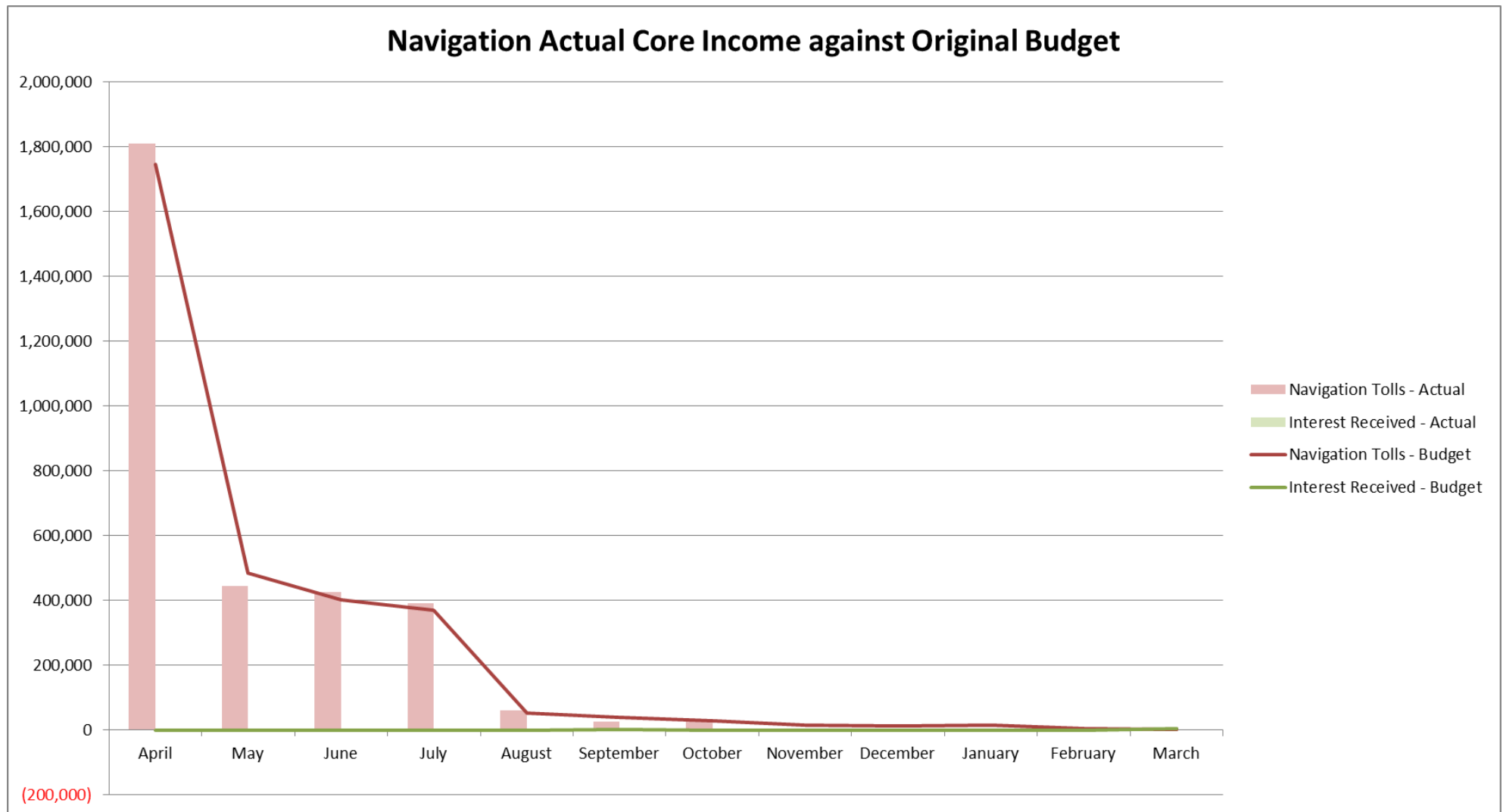
- 6.1 The current forecast outturn position for the year suggests a surplus within the navigation budget which would result in a navigation reserve balance of approximately £353,000 at the end of 2017/18 (before any year-end adjustments). This would mean the Navigation Reserve would be above the recommended 10% at 11%. Year-end transfers of interest to the earmarked reserves will mean that it will fall to approximately 10.8%. This will be highly dependent on the actual level of interest received.

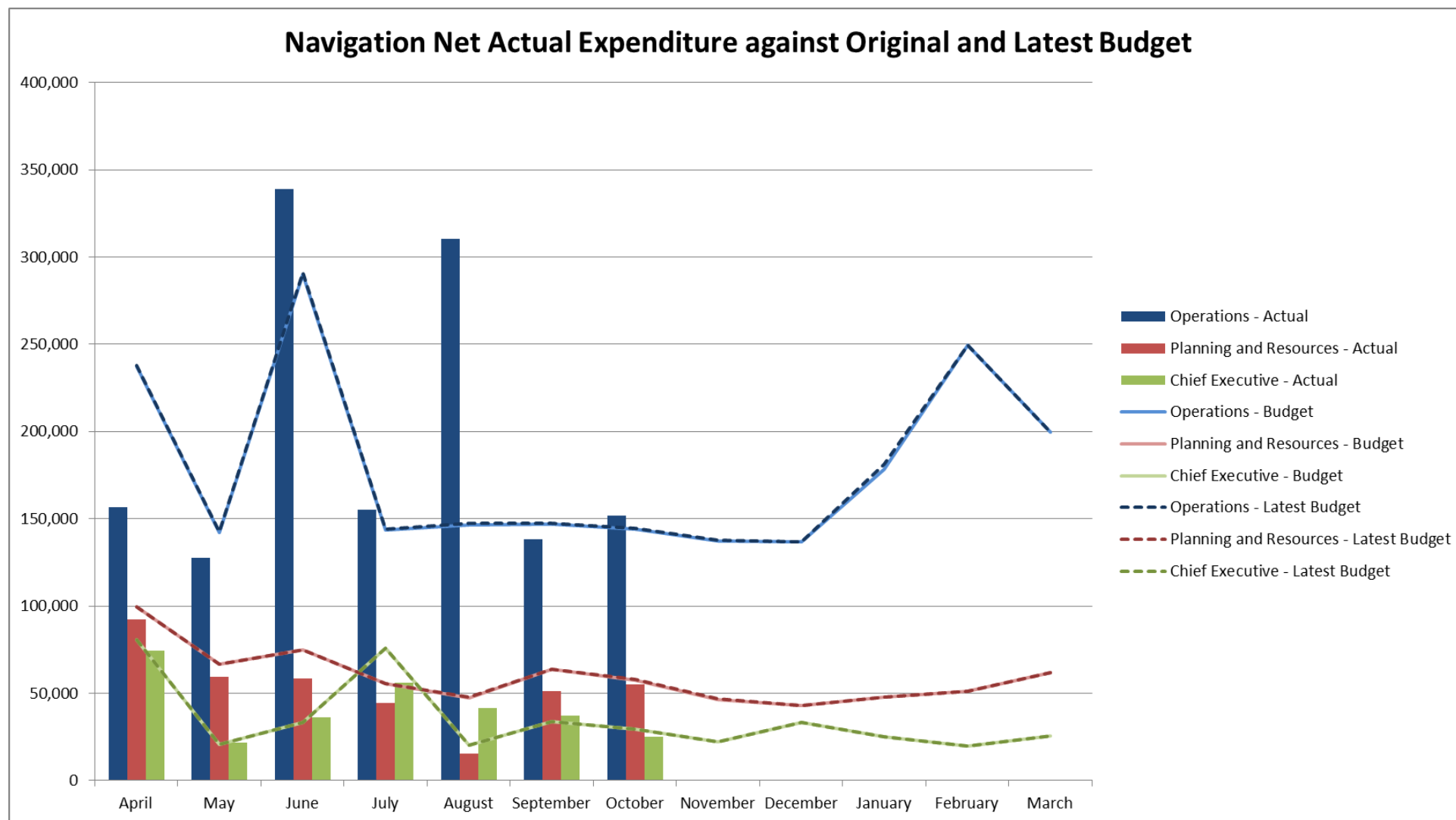
Background Papers: Nil

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Broads Plan Objectives: None

Appendices: APPENDIX 1 – Navigation Actual Income and Expenditure Charts to 31 October 2017
APPENDIX 2 – Financial Monitor: Navigation Income and Expenditure 2017/18





To 31 October 2017

Budget Holder

(All)

Values					
Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	(3,179,500)		(3,179,500)	(3,244,461)	+ 64,961
National Park Grant	0		0	0	+ 0
Income	0		0	0	+ 0
Hire Craft Tolls	(1,073,400)		(1,073,400)	(1,115,861)	+ 42,461
Income	(1,073,400)		(1,073,400)	(1,115,861)	+ 42,461
Private Craft Tolls	(2,040,000)		(2,040,000)	(2,060,000)	+ 20,000
Income	(2,040,000)		(2,040,000)	(2,060,000)	+ 20,000
Short Visit Tolls	(39,800)		(39,800)	(39,800)	+ 0
Income	(39,800)		(39,800)	(39,800)	+ 0
Other Toll Income	(18,800)		(18,800)	(18,800)	+ 0
Income	(18,800)		(18,800)	(18,800)	+ 0
Interest	(7,500)		(7,500)	(10,000)	+ 2,500
Income	(7,500)		(7,500)	(10,000)	+ 2,500
Operations	2,288,320	4,992	2,293,312	2,329,512	- 36,200
Construction and Maintenance Salaries	744,102		744,102	744,102	+ 0
Income	(3,094)		(3,094)	(3,094)	+ 0
Salaries	747,196		747,196	747,196	+ 0
Expenditure			0		+ 0
Equipment, Vehicles & Vessels	348,250	2,800	351,050	351,050	+ 0
Income			0		+ 0
Expenditure	348,250	2,800	351,050	351,050	+ 0
Water Management	112,500		112,500	112,500	+ 0
Income			0		+ 0
Expenditure	112,500		112,500	112,500	+ 0
Land Management	0		0	0	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Income	0		0	0	+ 0
Expenditure	0		0	0	+ 0
Practical Maintenance	358,200	2,565	360,765	390,765	- 30,000
Income	(10,500)		(10,500)	(10,500)	+ 0
Expenditure	368,700	2,565	371,265	401,265	- 30,000
Ranger Services	446,274	4,380	450,654	450,654	+ 0
Income	(76,278)		(76,278)	(76,278)	+ 0
Salaries	374,052	4,380	378,432	378,432	+ 0
Expenditure	148,500		148,500	148,500	+ 0
Pension Payments			0		+ 0
Safety	75,671		75,671	82,671	- 7,000
Income	(9,000)		(9,000)	(2,000)	- 7,000
Salaries	45,046		45,046	45,046	+ 0
Expenditure	39,625		39,625	39,625	+ 0
Volunteers	27,520		27,520	26,720	+ 800
Income	(400)		(400)	(400)	+ 0
Salaries	19,920		19,920	19,920	+ 0
Expenditure	8,000		8,000	7,200	+ 800
Premises	135,119	(6,055)	129,064	129,064	+ 0
Income	(1,600)		(1,600)	(1,600)	+ 0
Expenditure	136,719	(6,055)	130,664	130,664	+ 0
Operations Management and Administration	40,685	1,302	41,987	41,987	+ 0
Income	(1,143)		(1,143)	(1,143)	+ 0
Salaries	34,828	1,302	36,130	36,130	+ 0
Expenditure	7,000		7,000	7,000	+ 0
Planning and Resources	580,216	410	580,626	579,279	+ 1,347
Development Management	0	0	0	0	+ 0
Income	0		0	0	+ 0
Salaries	0		0	0	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Expenditure	0	0	0	0	+ 0
Pension Payments			0		+ 0
Strategy and Projects Salaries	26,635		26,635	26,635	+ 0
Income	0		0	0	+ 0
Salaries	24,835		24,835	24,835	+ 0
Expenditure	1,800		1,800	1,800	+ 0
Biodiversity Strategy	0	0	0	0	+ 0
Income			0		+ 0
Expenditure	0	0	0	0	+ 0
Strategy and Projects			0		+ 0
Expenditure			0		+ 0
Human Resources	53,542	410	53,952	53,952	+ 0
Salaries	29,147		29,147	29,147	+ 0
Expenditure	24,395	410	24,805	24,805	+ 0
Waterways and Recreation Strategy	47,210		47,210	47,210	+ 0
Salaries	38,210		38,210	38,210	+ 0
Expenditure	9,000		9,000	9,000	+ 0
Project Funding	0		0	0	+ 0
Expenditure	0		0	0	+ 0
Pension Payments			0		+ 0
Communications	80,813	0	80,813	80,813	+ 0
Income	(1,360)		(1,360)	(1,360)	+ 0
Salaries	71,673		71,673	71,673	+ 0
Expenditure	10,500	0	10,500	10,500	+ 0
Pension Payments			0		+ 0
Visitor Centres and Yacht Stations	75,765		75,765	75,765	+ 0
Income	(60,000)		(60,000)	(60,000)	+ 0
Salaries	111,765		111,765	111,765	+ 0
Expenditure	24,000		24,000	24,000	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Collection of Tolls	128,550		128,550	131,930	- 3,380
Salaries	115,850		115,850	119,230	- 3,380
Expenditure	12,700		12,700	12,700	+ 0
ICT	100,604		100,604	99,597	+ 1,007
Salaries	59,849		59,849	59,849	+ 0
Expenditure	40,755		40,755	39,749	+ 1,007
Planning and Resources Management and Administration	67,097		67,097	63,377	+ 3,720
Income	(458)		(458)	(458)	+ 0
Salaries	43,785		43,785	40,065	+ 3,720
Expenditure	23,769		23,769	23,769	+ 0
Chief Executive	419,677	3,415	423,092	423,092	+ 0
Legal	27,503		27,503	27,503	+ 0
Income			0		+ 0
Salaries	15,503		15,503	15,503	+ 0
Expenditure	12,000		12,000	12,000	+ 0
Governance	41,065	0	41,065	41,065	+ 0
Salaries	23,938		23,938	23,938	+ 0
Expenditure	17,127	0	17,127	17,127	+ 0
Chief Executive	43,911		43,911	43,911	+ 0
Salaries	43,911		43,911	43,911	+ 0
Expenditure			0		+ 0
Asset Management	72,267	3,415	75,682	75,682	+ 0
Income	(2,670)		(2,670)	(2,670)	+ 0
Salaries	23,562	(1,775)	21,787	21,787	+ 0
Expenditure	51,375	5,190	56,565	56,565	+ 0
Finance and Insurance	164,840		164,840	164,840	+ 0
Income	(3,245)		(3,245)	(3,245)	+ 0
Salaries	74,085		74,085	74,085	+ 0
Expenditure	94,000		94,000	94,000	+ 0

Row Labels	Original Budget (Navigation)	Budget Adjustments (Navigation)	Latest Available Budget (Navigation)	Forecast Outturn (Navigation)	Forecast Outturn Variance (Navigation)
Premises - Head Office	70,091		70,091	70,091	+ 0
Expenditure	70,091		70,091	70,091	+ 0
Projects and Corporate Items	30,720		30,720	24,720	+ 6,000
Partnerships / HLF	0		0	0	+ 0
Income	0		0	0	+ 0
Salaries	0		0	0	+ 0
Expenditure	0		0	0	+ 0
Corporate Items	30,720		30,720	24,720	+ 6,000
Expenditure	6,720		6,720	720	+ 6,000
Pension Payments	24,000		24,000	24,000	+ 0
Contributions from Earmarked Reserves	(140,200)	865	(139,335)	(139,335)	+ 0
Earmarked Reserves	(140,200)	865	(139,335)	(139,335)	+ 0
Expenditure	(140,200)	865	(139,335)	(139,335)	+ 0
Grand Total	(766)	9,682	8,915	(27,192)	+ 36,107